

**IMPACT OF HUMAN CAPITAL ON ZANZIBAR SHIPPING  
CORPORATION PERFORMANCE**

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**DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF MASTER OF HUMAN  
RESOURCE MANAGEMENT OF THE OPEN UNIVERSITY OF TANZANIA**

**2019**

**CERTIFICATION**

The undersigned certifies that he has read and hereby recommends for acceptance by the Open University of Tanzania a Dissertation entitled: “*Impact of Human Capital on Zanzibar Shipping Corporation Performance*” in Partial fulfillment of the Requirements for the Degree of Master of Business Administration of the Open University of Tanzania.

.....

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.....

Date

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**DEDICATION**

This work is dedicated to my family especially Father and my Mother and my beloved daughters Fatma Ali and Kauthar Ali for their encouragement, tolerance and support during my study.

## **ACKNOWLEDGEMENT**

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## **ABSTRACT**

The Human Capital is very important phenomena in the development of the organizational performance and this was the primary objective of the study to assess their relationship to the Shipping Cooperation (SHIPCO) in Zanzibar. The primary objective of the study was to determine the relationship between human capital and organizational performance. The study used a correctional study design (the data were collected in particular period and the result that were found reflect on the period) in which the data that were used was a primary were collected from the SHIPCO staff. The study used sampling techniques in which a total sample size of 45 respondents were interviewed. The study employed ordinary Least Square Techniques to estimate the coefficients of the parameters. The result show that staff education has a positive influence to the organization performance by 1.510 while Staff Job Satisfaction has coefficient of 0.275 and significance value of 0.000. The Service Delivery has influence by 0.915. However, the staff attitude has a positive coefficient of 0.047 but has no influence to the organizational performance because it has a significance value of 0.441, which is greater than 5%. Therefore, staff education, staff job satisfaction and service deliver have an impact which implies that when they change per unit influence the organizational performance by magnitude of coefficient of the respective parameter taken into account other variable that were being used in the model remain unchanged. The study concluded that for the organization to meet a target of performing well the core function of delivering the services and upgrading staff skills and knowledge are the most important issues.

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**LIST OF ABBREVIATIONS**

ANOVA	Analysis of the Variance
ATE	Association of Tanzania Employers
HRM	Human Resource Management
MOIC	ministry of infrastructure and communication
OLS	Ordinary Least Square
PCA	Principal Component Analysis
SHIPCO	Shipping Corporation.
SMEs	Small and Medium Enterprises

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the Study**

Employee training should be done to upgrade the workers knowledge and skills constantly to enable him/ her remain competitive and productive in the organization. For any organization to achieve a competitive advantage, each worker in every department must perform excellently. Training can be sold as key influence to improving the performance of individuals (Potts, 1998). The aim of training is to enable employees to match the organization's future needs at expert and management levels so as to achieve the organization's objectives. As the literature suggests, the nature of the training in the public sector has changed over the recent decades. Traditionally, training was considered to be job-focused, limited to the technical skills and abilities needed by public employees to perform specific tasks. As such, it was differentiated from education, which was considered to be broader in scope, more oriented toward a range of future jobs and generally provided by institutions of higher learning.

Traditionally, individuals obtained their education first and subsequently received training in the work environment. As public organizations find themselves needing to help employees learn about new technologies and skills, training, in many instances, has begun to look like what has traditionally been called education.

Zanzibar Shipping Corporation (SHIPCO) established under the Zanzibar Shipping Corporation Act No. 3 of 2013 for the purpose of serving Sea transportation services

of people and goods between the Island of Zanzibar, Tanzania mainland and the other neighboring countries and also to provide agency services for all the foreign going vessels calling at Zanzibar Ports.

The Zanzibar Shipping Corporation is a government institution under the Ministry of Infrastructure and Communication (MOIC). The mission of SHIPCO is to provide travelling public with reliable, save and efficient sea transportation services at reasonable price. SHIPCO is a public institution that plays a big role for the Zanzibar economy. It provides number of employment opportunities to the people of Zanzibar and it's among the leading public institution, which have a big impact on the Zanzibar budget in every year. The performance of SHIPCO depends on the relationship between the employees themselves, Government and other stakeholders. However, in the recent years the performance of SHIPCO does not meet the target of Government Revenue.

## **1.2 Statement of the Research Problem**

The success or failure of an organization depend on the quality of human resources such as staff education (Shora, 2004), the training workers is an integral part of the strategy to integrate human resources management with an institutions business strategy. In Zanzibar, the government takes into consideration that training as an important issue in all public institutions including the Zanzibar Shipping Corporation where the majority of the staff need new or significantly skills to expanded their brain and to keep up with the demands of their jobs which recently observed that the performance of this corporation decline day to day.



A human capital (health, education and skills) is an ongoing process that helps a work group evolves into a cohesive unit. The team members not only share expectations for accomplishing group tasks but trust and support one another (Fahmy, 2014). The growing importance of human capital has been emphasized from a number of viewpoints (Shuffler, 2011) stated that human capital are more effective in helping to solve problems and in achieving the required standards.

Human capital is pursued via variety of practices and can range from simple bonding exercises to complex simulations and multi-day team building retreats designed to develop a team. A study carried by Kiddie and Purrcell (2010) on human capital who worked as a team working indicated strong evidence of performance improvement in an organization and to the employees. The Shipping Cooperation in Zanzibar does not perform well in term of financial and service delivery. Therefore, the researcher was interested to examine for how much the staff education, staff attitude, staff job satisfaction and service delivery are the important factor to drive the performance of the organization.

### **1.3 Objectives**

#### **1.3.1 General Objective**

The general objective of this study is to determine the relationship between human capital and performance, specific to the Zanzibar Shipping Corporation as a case study.

#### **1.3.2 Specific Objectives**

- (i) To determine the relationship between staff education and performance.

- (ii) To examine the relationship between staff attitude and performance.
- (iii) To examine the relationship between staff satisfaction and performance.
- (iv) To examine the relationship between service delivery and performance.

#### **1.4 Research Questions**

- (i) To what extent does staff education relate to performance?
- (ii) What is the relationship between staff attitude and performance?
- (iii) What is the relationship between staff satisfaction and performance?
- (iv) What is the relationship between service delivery and performance?

#### **1.5 Significance of the Study**

At the end of this research the relationship between the human capital and organizational performance in Zanzibar Shipping Corporation highlighted the evidence for how much the human capital contributes to the performance. It also adds to the body of knowledge and literature review for other researchers. This finding also will help the policy makers to formulate policy implications for the public institution.

#### **1.6 Scope of the Study**

This study was done to determine the relationship between human capital and public performance in Zanzibar Shipping Corporation. The effort of Zanzibar Shipping Corporation is to build up the employee performance through training them. This study is focused on four dimensions, which are training, satisfaction, and attitude and service delivery.

## **1.7 Organization of the Study**

The chapter one of the study covers the background to the problem, statement of the research problem, objectives of the study, scope of the study and organization of the study. Chapter two covers conceptual definitions, theoretical literature review, empirical literature review, research gap, conceptual framework and theoretical framework. Chapter three covers research methodology which involves research design, study area, population of the study, sample size and sampling procedures, data collection methods, data collection tools, reliability and validity of the data and presentation of findings. Chapter four comprised of data analysis, finding and discussions. While chapter five focused on summary, conclusion and recommendation of study.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter defines the basic concept of human capital including training, employee and performance. Describes supporting theories of the study, presents empirical analyses under taken by various researchers, presents the conceptual framework and the chapter provides authoritative information to support my study.

#### **2.2 Conceptual Definitions**

##### **2.2.1 Training**

Armstrong (2010) defines training as the use of systematic and planned instruction activities to promote learning. Training could also be defined as a set of activities which react to present needs and is focused on the instructor and contrasts with learning as a process that focuses on developing individual and organizational potential and building capabilities for the future, (Reynolds, 2004). Training is the systematic development of the attitude and skill behavior pattern required by an individual in order to perform adequately a given task

Oliseh, (2005) states that training is designed to change the behavior of the employee in the work place in order to stimulate efficiency and higher performance standards. Training of employees is equal to investing in the organizational most important asset, which is the employee. It develops their skills, changes their attitude towards work and builds their loyalty to the company hence improved performance. Training also helps build the foundation for career advancement hence staff recognition through

promotions. This leads to job satisfaction. Training and development practices are aimed at enhancing employees' personal obtain knowledge and skills required in performing and being able to develop their abilities to the full, within the areas that are relevant to the organization. For training to be effective, it should improve the performance and ability of the trained employee.

### **2.2.2 Performance**

Performance is the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed. In a contract, performance is deemed to be the fulfillment of an obligation, in a manner that releases the performer from all liabilities under the contract (Bartol and Martin, 1998).

According to Ilham (2009), performance can be defined as the act of performing; of doing something successfully using knowledge as distinguished from merely possessing it. However, the study match with the above definitions on performance because the definition itemizes that performance is of not only what people achieve but how they achieve it. Also stated that performance includes personal, organizational, environmental, motivational, skill level, aptitudes and role perceptions. Performance is viewed as implementation of an action of one's ability. Good performance is related with achieving the quality, quantity, cooperation, dependability and creativity.

Armstrong (2006) defines performance as the accomplishment, execution, carrying out, working out of anything order or undertaken. Martin (2005) defines performance as a level of achievement by an individual, measured against what they would expect

to achieve. Under Martin's definition on performance, there are some components that missing such as skills, experiences, abilities, qualities and quantities are the things, which he did not mention it, but those are things that should be mentioned by the definition.

### **2.2.3 Employee**

According to Susan (2016) an employee is an individual who was hired by an employer to do a specific job. The employer hires the employee after an application and interview process results in his or her selection as an employee. This selection occurs after the applicant is found by the employer to be the most qualified applicant to do the job.

### **2.2.4 Employee Performance**

The job related activities expected of a worker and how well those activities executed, many business personnel directors assess the employee performance of each staff member on an annual or quarterly basis in order to help them identify suggested areas for improvement (Gupta, 2001).

### **2.2.5 Attitude**

According to Eagle and Chaiken, (1998) define an attitude as "a psychological tendency that is expressed by evaluating a particular entity with some degree of favor or disfavor." Also attitude can be as a positive or negative evaluation of people, objects, events, activities, and ideas. It could be concrete, abstract or just about anything in your environment, (Wikipedia).

### **2.2.6 Human Capital**

In view of Schultz (1993), the term “human capital” means a key element in improving a firm assets and employees in order to increase productive as well as sustain competitive advantage. Human capitals refer to the processes that relate to training, education and other professional initiatives in order to increase the levels of knowledge, skills, abilities, values, and social assets of an employee that lead to the employee’s satisfaction and performance, and eventually on a firms’ performance.

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These resources are the total capacity of the people that represents a form of wealth that be directed to accomplish the goals of the nation or state or a portion thereof. It is an aggregate economic view of the human being acting within economies, which is an attempt to capture the social, biological, cultural and psychological complexity as they interact in explicit and/or economic transactions. Many theories explicitly connect

investment in human capital development to education, and the role of human capital in economic development, productivity growth, and innovation has frequently cited as a justification for government subsidies for education and job skills training (Michael, 2013).

## **2.3 Theoretical literature Review**

This section presented the theoretical part of the study; the theories that reviewed under this study were the theory of attitude change and theory of education.

### **2.3.1 Theories of Attitude Change**

There are attitude change categorizations schemes have proposed in the literature (Eagly & Chaiken, 1993; O'Keefe, 1990), and most are similar. In this research, the attitude theories that discussed have organized into four categories. That is Consistency theories, Learning theories, Social judgment theories and Functional theories. This study focused on two areas of consistence theory, which are Social-cognitive processes that concentrate on self-consistency, predictability, control, and interactive realities.

This social-cognitive processes also result in resistance in depressed patient which might be highly invested in maintaining the stability, internal consistency, and control the negative thinking. In order to maintain consistency in behavior that could relate to backward and decision-making focused on sunk-cost effects. For example, one may examine the tendency of individuals to honor sunk-costs, thereby continuing them in a condition of hopelessness. Furthermore, the sunk-cost process appears to allow the individual to maintain some hope that failures, which are not final and can redeemed



as a success sometime in the future. Thus, the individual may appear to discount future opportunities for change and for reward, focusing more on the disutility of his prior mistakes. (<http://cognitivetherapynyc.com/docs/self-consistency>).

#### **2.3.1.1 Consistency Theories**

The basic assumption of these theories is the need of the individual for consistency. There must be consistency between attitudes, between behaviors, and among attitudes and behaviors. A lack of consistency causes discomfort so that an individual attempts to ease the tension by adjusting attitudes or behaviors in order to once again achieve balance or consistency.

#### **2.3.1.2 Learning Theories**

A major commonality of these theories was their emphasis on the stimulus characteristics of the communication situation. In the model of attitude change emphasis is placed on attention, comprehension, and acceptance. An individual must attend to and comprehend the communication before acceptance can occur. It is during the attending and comprehending phases that the individual has the opportunity to practice the recommended new opinion.

Practice alone does not lead to acceptance, but when combined with incentives and recommendations imbedded in the communication, attitude change is likely. Incentives are broadly defined as important thing. They could be direct financial or physical benefits (e.g., money, improved health), or they could take on more abstract forms such as the knowledge gain from persuasive arguments, social acceptance by others who are respected, or self-approval from the feeling that one is correct.

### **2.3.1.3 Social Judgment Theory**

Social judgment theory focuses on how people's prior attitudes distort their perceptions of the positions advocated in persuasive messages, and how such perceptions mediate persuasion. In general terms, the theory assumes that a person's own attitudes serve as a judgmental standard and anchor that influences where along a continuum a persuader's advocated position is perceived to lie. Social judgment theory- is an attempt to apply the principles of judgment to the study of attitude change.

In summary, social judgment, theory predictions for attitude change are largely home out by the research literature and by practice. Recently however, researchers have questioned the basic principles of social judgment theory and how the theory's principles relate to one another. Social judgment theory is important because it demonstrates the importance of people's prior attitudes. Most other approaches only deal marginally with previous attitudes. Newer theories incorporate social judgment principles as covariates and control variables in experimental designs.

### **2.3.1.4 Functional Theories**

A fundamental question about attitudes concerns their purpose: That is, what functions do attitudes serve? Understanding the purposes of attitudes is the identifying characteristic of functional theories. Attitudes serve different functions for different individuals or for the same individual in different settings. The reasons for attitude changes are individualized and related to personal functions of attitudes. The central theme of functional theories is that changing an attitude requires understanding its motivational basis or its function for the individual. Knowing what function an

attitude performs for a person helps guide the designer of the persuasive message who wants to change the attitude. Whatever function attitudes perform they provide a frame of reference for comprehending and categorizing objects, persons, and events, and only by understanding an attitude's function can attitude change efforts be successful.

### **2.3.2 Theories of Education**

Historically, American education served both political and economic needs, which dictated the function of education. Today, sociologists and educators debate the function of education. Three main theories represent their views: the functionalist theory, the conflict theory, and the symbolic interactionist theory.

The functionalist theory focuses on the ways that universal education serves the needs of society. Functionalists first see education in its manifest role: conveying basic knowledge and skills to the next generation. Durkheim (2016)(the founder of functionalist theory) identified the latent role of education as one of socializing people into society's mainstream. This “moral education,” as he called it, helped form a more-cohesive social structure by bringing together people from diverse backgrounds, which echoes the historical concern of “Americanizing” immigrants. Functionalists point to other latent roles of education such as transmission of core values and social control. The core values in American education reflect those characteristics that support the political and economic systems that originally fueled education.

Therefore, children in America receive rewards for following schedules, following directions, meeting deadlines, and obeying authority. The most important value

permeating the American classroom is individualism the ideology that advocates the liberty rights, or independent action, of the individual. American students learn early, unlike their Japanese or Chinese counterparts, that society seeks out and reveres the best individual, whether that person achieves the best score on a test or the most points on the basketball court. Even collaborative activities focus on the leader, and team sports single out the one most valuable player of the year. The carefully constructed curriculum helps students develop their identities and self-esteem. Conversely, Japanese students, in a culture that values community in place of individuality, learn to be ashamed if someone singles them out, and learn social esteem how to bring honor to the group, rather than to themselves.

Going to school in a capitalist nation, American students also quickly learn the importance of competition, through both competitive learning games in the classroom, and through activities and athletics outside the classroom. Some kind of prize or reward usually motivates them to play, so students learn early to associate winning with possessing. Likewise, schools overtly teach patriotism, a preserver of political structure. Students must learn the Pledge of Allegiance and the stories of the nation's heroes and exploits. The need to instill patriotic values is so great that mythology often takes over, and teachers repeat stories of George Washington's honesty or Abraham Lincoln's virtue even though the stories themselves (such as Washington confessing to chopping down the cherry tree) may be untrue.

Another benefit that functionalists see in education is sorting separating students on the basis of merit. Society's needs demand that the most capable people get channeled

into the most important occupations. Schools identify the most capable students early. Those who score highest on classroom and standardized tests enter accelerated programs and college-preparation courses. Sociologists Talcott Parsons, Kingsley Davis, and Wilbert Moore referred to this as social placement. They saw this process as a beneficial function in society. After sorting has taken place, the next function of education, networking (making interpersonal connections), is inevitable. People in high school and college network with those in similar classes and majors. This networking may become professional or remain personal. The most significant role of education in this regard is matchmaking. Sociologists primarily interest themselves in how sorting and networking lead couples together of similar backgrounds, interests, education, and income potential. People place so much importance on this function of education that some parents limit their children's options for college to insure that they attend schools where they can meet the “right” person to marry.

Functionalists point to the ironic dual role of education in both preserving and changing culture. Studies show that, as students’ progress through college and beyond, they usually become increasingly liberal as they encounter a variety of perspectives. Thus, more educated individuals are generally more liberal, while less educated people tend toward conservatism. Moreover, the heavy emphasis on research at most institutions of higher education puts them on the cutting edge of changes in knowledge, and, in many cases, changes in values as well. Therefore, while the primary role of education is to preserve and pass on knowledge and skills, education is also in the business of transforming them.

A final and controversial function assumed by education in the latter half of the twentieth century is replacement of the family. Many issues of career development, discipline, and human sexuality once the domain of the family—now play a routine part in school curriculum. Parents who reject this function of education often choose to home-school their children or place them in private schools that support their values.

### **2.3.2.1 Conflict Theory**

The purpose of education as maintaining social inequality and preserving the power of those who dominate society. Conflict theorists examine the same functions of education as functionalists. Functionalists see education as a beneficial contribution to an ordered society; however, conflict theorists see the educational system as perpetuating the status quo by dulling the lower classes into being obedient workers.

Both functionalists and conflict theorists agree that the educational system practices sorting, but they disagree about how it enacts that sorting. Functionalists claim that schools sort based upon merit; conflict theorists argue that schools sort along distinct class and ethnic lines. According to conflict theorists, schools train those in the working classes to accept their position as a lower-class member of society. Conflict theorists call this role of education the “hidden curriculum.”

Conflict theorists point to several key factors in defending their position. First, property taxes fund most schools; therefore, schools in affluent districts have more money. Such areas are predominantly white. They can afford to pay higher salaries, attract better teachers, and purchase newer texts and more technology. Students who

attend these schools gain substantial advantages in getting into the best colleges and being tracked into higher-paying professions. Students in less affluent neighborhoods that do not enjoy these advantages are less likely to go to college and are more likely to be tracked into vocational or technical training. They also represent far higher numbers of minority students.

Contend that not only do the economics favor the white affluent, but so does school testing particularly IQ testing, which schools can use to sort students. They argue that the tests, which claim to test intelligence, actually test cultural knowledge and therefore exhibit a cultural bias. For example, a question may ask: “Which one of these items belongs in an orchestra? The responses could be *“A for accordion, B for guitar, C for violin and D for banjo.”* This question assumes considerable cultural knowledge, including what an orchestra is, how it differs from a band, and what instruments comprise an orchestra. The question itself assumes exposure to a particular kind of music favored by white upper classes. Testing experts claim they have rid modern exams of such culturally biased questioning, but conflict theorists respond that cultural neutrality is impossible. All tests contain a knowledge base, and that knowledge base is always culturally sensitive. Conflict theorists see education not as a social benefit or opportunity, but as a powerful means of maintaining power structures and creating a docile work force for capitalism.

### **2.3.2.2 The Symbolic Interactionist Theory**

Symbolic interactionist limit their analysis of education to what they directly observe happening in the classroom. They focus on how teacher expectations influence student

performance, perceptions, and attitudes. Rosenthal and Jacobson (1968) conducted the landmark study for this approach. First, they examined a group of students with standard IQ tests. The researchers then identified a number of students who they said would likely show a sharp increase in abilities over the coming year. They informed the teachers of the results, and asked them to watch and see if this increase did occur. When the researchers repeated the IQ tests at the end of the year, the students identified by the researchers did indeed show higher IQ scores. The significance of this study lies in the fact that the researchers had randomly selected a number of average students. The researchers found that when the teachers expected a particular performance or growth, it occurred.

## **2.4 Empirical Literature Review**

This study reviewed several empirical studies that have been carried out to analyse the impact of human capital on institution performance. However, the previous research evidence to differ by country where the research has done.

### **2.4.1 Empirical Literature Review Worldwide**

A study conducted by Magoutas et al (2009) have carried out research to assess the relation between human capital and growth rate of firm performance. In today's modern environment, human capital plays a vital role for an organization to get the competitive advantages. The database used in this research is provided by ICAP Hellas, which gathers balance sheet and demographic data for SA and Ltd companies in Greece. They have concluded that like other variables such as firm size, physical



investment and effectiveness etc., human capital has also optimistic and considerable impact on firm's growth rate.

Josan (2013) has conducted research through content analysis to analyze the relationship between Human Capital & Organizational effectiveness. Organizational effectiveness is characterized by competitiveness, Innovation and excellence. Competitiveness depends on skills & human capital investment. Human capital investment is characterized by investing in education, health & training. She narrates that globalization has resulted in new economy named as knowledge economy, in which human capital variables education& training- plays a significant role. Based on the existing literature it was analyzed that investment in human capital is directly proportional not only with the productivity of the organizations- trainings increase productivity by 16%; but also with profitability.

Amin et al (2012) assessed the impact of human capital investment on the economic growth of Pakistan, through their research. Secondary data from 2000-2010 was collected from Economic Survey of Pakistan, State Bank of Pakistan & Labor Organization Annual Reports. Data was analyzed through correlation. Results yielded by the analyses showed that primary enrolment rates, higher education enrolment rates & life expectancy were positively related with economic growth. The study also showed that secondary enrolment rates were negatively related with economic growth.

Marimuthu et al., (2009) have conducted research to examine the relationship between human capital firm performances. Now-a- day's human capital has got more focus due

to globalization and dispersion of job markets and also recessions in different economies. Through content analysis it was shown that all the countries are more concern about human capital development and they also allocate necessary time and efforts. It was concluded that human capital increase not only financial performance of the firms but also no-financial performance of the firms.

#### **2.4.2 Empirical Literature Review in Africa**

A study conducted by Seleim et al., (2007) analyzed the relationship between human capital and organizational performance of software companies. Findings of their study revealed that the human capital indicators had a positive association on organizational performances. These indicators such as training led to team-work practices, tended to result in superstar performers where more productivity could be translated to organizational performances

Salim et al., (2004) conducted study in Egyptian software companies to assess the relation between human capital and organizational performance. A sample of 38 software companies, out of total 107, was selected; but only 16 companies responded. Data was collected through interviews and questionnaire. Correlation & regression were used for data analysis. It was concluded from analysis that performance of software firms was influenced by the intelligence, creative ideas, ambition and imitability of the employees.

Ukenna et al., (2010) studied the Effect of Investment in Human Capital Development on Organizational Performance in twenty-five small scale business owners were purposively selected in Awka metropolis of Nigeria, using a structured five-point Likert type. The finding is while keeping constant other factors that can impact on

organizational performance, the study singled out human capital and it was shown that a high interrelation exist among the four variable measure predictors of human capital effectiveness. A key finding of this study is that, training and skill are stronger predictors of human capital effectiveness over and above knowledge and education. This study, in no small measure, provides penetrating insight for small scale business owners in the area of human resources management. Managerial implications, limitations and opportunity for further research are discussed.

Another study which was conducted by Channar (2015) on impact of human capital variables on effectiveness of the organization showed that Males are not preferred over females in provision of the chances of their human capital development variables. Both are given almost equal chances of Human capital development (trainings, education and assignments). The result have also confirmed that when employees are provided with ample chances of human capital development they become satisfied from organization, when they become satisfied from organization they will automatically perform better in the organization which will lead to satisfaction of customers of the organization. It is universal accepted that when employees and customers are satisfied from the organization, it means organization is performing well. Thus research showed that if an organization provide ample chances of human capital development that will increase the performance of the organization.

Oforegbunam and Okorafor (2010) have carried out research on effects of human capital development on the performance of small and medium scaled enterprises in the southeastern region of Nigeria. On the job training, educational institutions and participation in training program by employees were used as main factors for human

development capacity. Likert 5 point scale was used for the quantification of data. Multiple regression tool used in explore the effects of human capacity developments on the performance. Results of this research show that with the increase of human capital development performance of SME's improved and human capital in SME can be enhanced with 'on the job training' programs.

### **2.4.3 Empirical Literature Review in Tanzania**

Mlingi et al., (2012) conducted a study in Tanzania titled Relationship between On the Job Training and Employees Performance in Courier Companies in Dar es Salaam; findings of their study revealed "performance to a big extent depends on the training employees received. It may be with certainty, stated that on the job training programs really positively influence on employees performance.

The Association of Tanzania Employers' (ATE) in his study used different approaches to sensitize its members on the importance of human resource development through the adoption of needs – based and member driven training programmers. ATE has always stressed that training is a major tool in enhancing efficiency and effectiveness which are absolutely necessary for higher performance in almost all work places. It is through training that the workforce is provided with requisite attitudes, skills and current knowledge to perform well at assigned tasks and responsibilities (<http://www.ate.or.tz/services/training>).

Study conducted by Mosoma (2014) titled Effect of Internal Customer Care on Employees Satisfaction in Tanzania's Small and Medium Hotel Industry Enterprises. The study was mainly aimed at examining the influence of internal customer cares on employee's satisfaction Small and Medium Enterprises (SMEs) in Tanzania hotel

business. To assess to which extent internal customer care mechanisms and strategies are related to employees' performance, also to determine whether there is a relationship between the state of customer care and employees job satisfaction). The study revealed that hotel owners and managers do not consider employees as first customer internally and also the study had found that employees do not feel sense of belonging, social protection, participation and creativity which real affect their satisfaction and performance at hotel industry in general.

Hassan (2011) did a study in Zanzibar to assess the impact of training and development on performance of administrative staff in the public sector organization. The study found that employee training and skill development program (knowledge and skills of employees in their present job position) are typically associated with the improving of the performance. The study recommended that priority on training and incentive should be emphasizes so as to help competences of employees and improve their performance.

## **2.5 Research Gap**

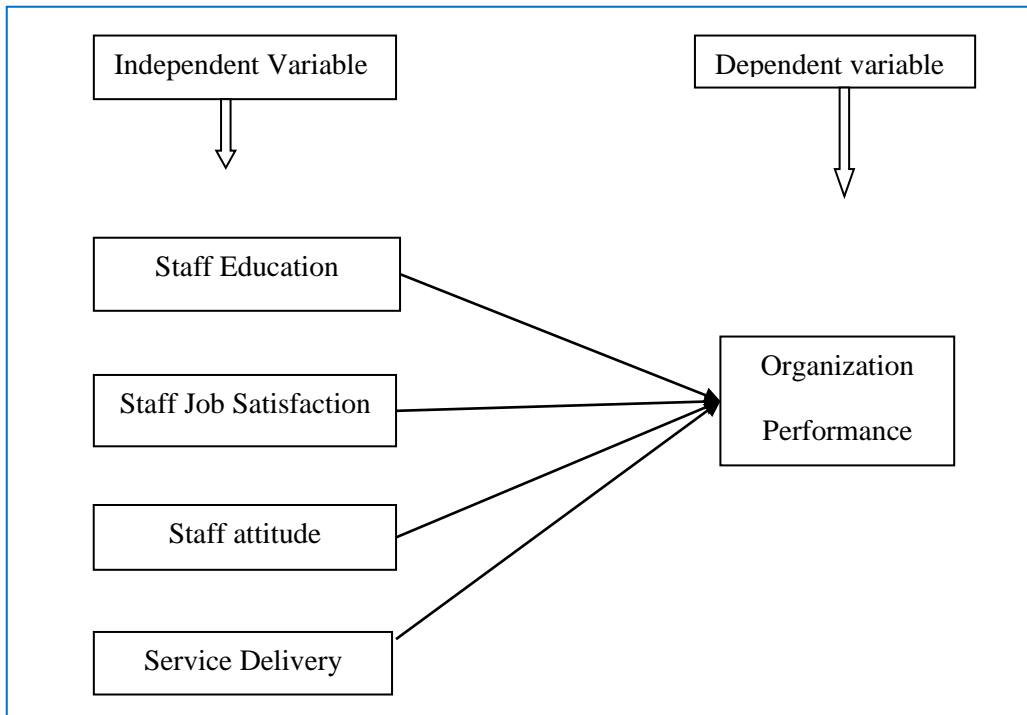
The reviewed literatures pointed out many studies concluded a positive relationship between human capital and performance in many developing countries. However, the study done by Seleim, et al., (2007) on the relationship between human capital and organizational performance of software companies and the result found that human capita has an impact to the organizational performance. The study from Magoutas et al (2009) have carried out research to assess the relation between human capital and

growth rate of firm performance also revealed that human capita influence the firm performance.

Salim et al., (2004) on the study of the relationship between human capital and organizational performance in Egypt found the human capita influence the performance. Also Ukenna et al., (2010) on the study of the Effect of Investment in Human Capital Development on Organizational Performance in twenty-five small scale business owners in Nigeria, Channar et al., (2015) on study of the Impact of human capital variables on effectiveness of the organization.

## **2.6 Conceptual Framework**

It refers to a group of concepts that are broadly defined and systematically organized to provide a focus rationale and a tool for integration and interpretation of information usually expressed through word model (Jabareen, 2009). The conceptual framework is essential tool to express the relationship between its components namely dependent and independent variables. Dependent variable defined as changes or outcomes that depend on or influenced by independent variable. Independent variable refers as a cause that can bring changes. The Figure 2.1 present the relationship between the factors that influence organization performance, these include staff attitude, staff education, staff job satisfaction and service delivery (Figure 2.1).



**Figure 2.1: Conceptual Framework**  
**2.7 The Model Specification**

The model used Ordinary Least Square (OLS), the nature of the data are categorical and therefore, principle component analysis employed to transform the categorical variables into index number. Then, transformed factors based on loading and criteria used to run the linear regression analysis. The mathematical equation is given as

$$\text{Organization Performance} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \mu \dots \dots \dots 1$$

Where the dependent variable is the organization performance which measured by categorical data based on the perception of the staff for their performance. The independent variables are the staff education (X1), attitude (X2), satisfaction (X3) and service delivery (X4) that formulated after transformed by the PCA. These variables expected to have a positive effect on organization performance. The constant ( $\beta_0$ ) and

$\beta_j$  for  $j = 1, 2, 3$ , and 4 are the estimated coefficient of the parameters while  $\mu$  is the error term used to capture the superior result.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter comprised of the research design, research techniques, population, sampling techniques, sample size, data collection methods, types of data that were collected, and area of study and data analysis. Research methods are various procedures and schemes used by a researcher during a research study that includes theoretical procedures, experimental studies, numerical schemes and statistical approaches. Research methods help the researchers to collect samples, data and find a solution to a problem of a particular study (Rajasekar, 2013). Kothari (2004) defined research method as a systematic way of solving the research problem using different methods, designs and techniques, the reasons of using particular methods, designs and why not others so that research results can be evaluated by the researcher.

#### **3.2 Research Design**

It is the arrangement of conditions for collecting and analyzing data in a manner that aims to combine relevance to the research purpose with economy in procedures. It is a plan on how the data collected, analyzed in relation to the research objectives and questions.

There are several research designs and the researcher must decide in advance of collection and analysis of data as to which design would prove to be more appropriate for his research project. The resource list or the sampling frame, desired standard of accuracy and the like when taking a decision in respect of the design for his research

project (Kothari, 2004). This study employed descriptive/diagnostic rigid design, this refers as the design that must make enough provision for protection against bias and must maximize reliability. This method employ probability sampling design (random sampling) on selecting the respondent and also take into consideration the pre-planned design for analysis structured or well thought out instruments for collection of data advanced decisions about operational procedures (Kothari, 2004).

### **3.3 Research Area**

This study conducted in Zanzibar islands specific in Unguja at head quarter of Zanzibar Shipping Corporation. The area selected because it was seen as appropriate due to its corporate nature, easy accessibility and availability of information and potentiality of service delivery.

### **3.4 Research Population**

The population of this study were the staff from different department with different education level in Zanzibar Shipping Corporation. The total number of Staff is 87by 2016.

### **3.5 Unit of Analysis**

A unity of analysis can be individual, groups, books, photos, newspapers, geographical units like town, census tract, state and social interactions like dyadic relations, divorces and arrests (Trochim, 2006). As Long (2013) defined, a unit of analysis as the subject of study about which an analyst may generalize, it involves who or what. The unit of analysis of this study was a staff.

### 3.6 Sampling Design

The researcher work based on the cross sectional study design in which the data were collected at that time and drawn the information or result which presented the picture of that particular period. The researcher's work, concern with quantitative variables and the primary unit is a staff. The sampling frame was a list of all staff in the Zanzibar Shipping Corporation. The probability sampling techniques employed to get the respondent who is going to provide the data.

### 3.7 Sample Size

This is very important area in this research to determine the size of the sample, a key question is: What should be the size of the sample or how large or small should be 'n'? If the sample size ('n') is too small, it may not serve to achieve the objectives and if it is too large, we may incur huge cost and waste resources. As a general rule, one can say that the sample must be of an optimum size i.e., it should neither be excessively large nor too small. Technically, the sample size should be large enough to give a confidence interval of desired width and as such the size of the sample must be chosen by some logical process before sample is taken from the universe. Size of the sample should be determined by a researcher keeping in view many factors such as budget, precision and time. Therefore, since the total staff (population) is known, the sample size of this research determined by using the following formula.

$$n = \frac{Z^2 \cdot N \cdot \sigma_p^2}{(N - 1) \cdot e^2 + Z^2 \cdot \sigma_p^2}$$

Where

$n$  = Size of sample

$N = 87$  (Size of population)

$e$  = acceptable error (the precision)

$e = 0.8$  (acceptable error for the precision, since the estimate should be within 0.8 ounces of the true average age as the parameter used for the sample determination)

$z = 1.96$  (standard variate at a given confidence level, this obtained as per the table of area under normal curve for the given confidence level of 95%).

$\sigma_p^2 = 4$  (standard deviation of population from parameter age)

Hence, after employed the following information to the formula, the sample size will be

$$n = \frac{(1.96)^2 * 87 * 4^2}{(87 - 1) * (0.8)^2 + (1.96)^2 * 4^2}$$

$n = 45$

This study used simple random probability sampling technique based on the same age parameter to select the respondents, the techniques was carried out using the spreadsheet by random function.

### **3.8 Source and Data Collection**

This research used quantitative data, where primary data were collected using survey method; therefore questionnaire was prepared and used to collect data from respondents. Meanwhile the secondary data for sample size was collected from respective institution under human resource department.

### **3.9 Data Collection Instruments**

The instrument that was used to collect data for this study was structured questionnaire face-to-face survey and secondary data as seems to be necessary

collected. The study adapted the questions from previous researcher with similar nature to this research and modify them according to the specific objectives of this research.

### **3.10 Reliability and Validity**

Reliability refers to the consistence of the measurement technique (Kothari, 2004). It is how similar results would be if another researcher conducted the same research in another place and time (Bhattacharjee, 2012). Reliability, as used in positivist tradition, asks whether “operations of the study can be repeated with the same results”. The term validity refers to the conceptual and scientific soundness of the research study or investigation and the primary purpose of all forms of research is to produce valid conclusions (Festinger, 2005).

The reliability analysis estimated on different scales and subscales to determine the reliability of different instruments. In most cases, reliability analysis used to measure the consistency of the instrument in different situations, which was the case in this research (Field, 2009; Gravetter & Wallnau, 2011; Rosnow & Rosenthal, 2008). Reliability of the various subscales estimated using Cronbach’s alpha ( $\alpha$ ). Cronbach’s alpha is the most common measure of internal consistency (Field, 2009, Gravetter & Wallnau, 2011). According to George and Mallery (2003), the rule of thumb to interpret the Cronbach Alpha are as such:  $\alpha > 0.9$  – excellent,  $\alpha > 0.8$  – good,  $\alpha > 0.7$  acceptable,  $\alpha > 0.6$  – questionable,  $\alpha > 0.5$  – poor,  $\alpha > 0.4$  – unacceptable. After the pretest, this implied that the instrument is acceptable be used in actual data collection or not.

### **3.11 Data Processing and Analysis**

The collected data entered into SPSS package version 20.0 after being checked for the consistence manual. The various tabulations at the initial stage used for cleaning and validation for entered data. This research used frequency tables and charts to represent the results. The analysis was done into two components descriptively and inferential, the various statistical analytical techniques test such as t-test, F-value and probability values was employed to justify the status of the result based on the regression model.

## **CHAPTER FOUR**

### **RESEARCH FINDINGS, DATA ANALYSIS AND DISCUSSIONS**

#### **4.1 Introduction**

This chapter presents the result from the data collected through the questionnaire. The chapter firstly presents the findings on the demographic characteristics of the respondents of the study. Secondly, it describes the reliability analysis of the questionnaire in order to show the level of inside consistency reliability, and shows whether the consistency reliability is acceptable or not. Finally, the chapter presents results of correlation, multiple linear regressions and discusses the findings with respect to the research objectives and hypothesis tested which attempts to answer the associated research questions.

#### **4.2 Demographic Characteristics of the Respondents**

This section present the demographic information of the staff in the SHIPCO where the useful variables that were used were age distribution, marital status, education, gender and staff working experience.

##### **4.2.1 Age of the Respondents**

The age distribution of participants revealed that 42 percent were at group age below than 30 years, 18 percent were at group age of 31-40 years, and 18 percent were at group age 40 and above years. The overall distribution of households' age indicated that majority of them were at group age between 15-45 years, which comprised 61% for the health stakeholders. The results indicate the active working age of the nation of Zanzibar. However, in the studied organization found that majority are

below 40 years and this is reflect to the many Government institutions in Zanzibar (Table 4.1).

#### **4.2.2 Gender of Respondents**

The national survey of Labour Force (2014) results of the employed shows that 40 percent was organized by female and the remaining 60 percent was organized by male. The assessment findings shows that, most of the employee supported by the services delivery projects in Zanzibar shipping corporation were male which displayed for higher percent than female of the total sample size. However, the situation is very different in most African countries as well as Zanzibar. It shows that the majority of women are satisfying in their job. In respect of this study where the data were collected, it was found that, the number of male (20%) were small compared to female (80%). This portray many Government Enterprises so far in Zanzibar has more female workers compared to the male (Table 4.1).

#### **4.2.3 Staff Working Experience**

The information presented in Table 4.1 shows the staff working experience in the organization, majority were under 3 years while followed by who are in 5 years. For the assessment of this study this pertain of working experience was sufficient to capture the perception of the respondent on assessing the organizational performance (Table 4.1).

#### **4.2.4 Marital Status**

The results of the study show the marital information of the respondents as follows; 21 percent of the respondents were married 15 percent were divorced and 38 percent were single (Table 4.1).



#### 4.2.5 Education Level of the Respondents

Concerning the staff education level, the outcome for the participants showed that 5 percent have attained primary education, 22 percent attained secondary education and 24 percent reached Diploma and First degree and above was 49 percent (Table 4.1).

**Table 4.1: Demographic Characteristics of Respondents**

	Responses	Number	%
Age	Less than 30 years	19	42
	Between 31 - 40 years	18	40
	More than 40 years	8	18
	Total	45	100
Gender	Male	9	20
	Female	36	80
	Total	45	100
Experience (year)	Three and below	10	22
	Four to Seven	17	38
	Eight to Ten	4	9
	Above Ten	14	31
	Total	45	100
Marital status	Married	21	47
	Single	17	38
	Divorced	7	16
	Total	45	100
Education level	Primary School	2	4
	Secondary School	10	22
	Certificate	0	0
	Diploma	11	24
	Degree and Above	22	49
	<b>Total</b>	<b>45</b>	<b>100</b>

Source: Field Data

The results of households show that, the level of secondary education counted 37 percent of the household; this indicates that the society was more educated than before, which helped a concern about their health and development activities. Val (2006) explains that, education is important for health and well-being also encouraged

individual to think and make choices about their lifestyles that promote health and well-being. The ZSPRP (2003) also emphasizes the increasing access to secondary and tertiary education and improving the performance of the society. Zanzibar education policy (2005) put emphasis on secondary education to all which comes to new development of a society and reflects the enormity of the challenges it faces (Table 4.1).

### **4.3 Reliability Analysis**

In internal consistency reliability estimation, the reliability of the instrument is judged by estimating how well the items that reflect the same construct yield similar results. There is interest in the results consistency for different items related to the same construct within the measure. Cronbach Alpha ( $\alpha$ ) is one technique to measure internal consistency reliability. Cronbach Alpha is equivalent to the average of all possible split half correlations. The result of reliability analysis for each of the variable that was being used in this study was describes as follow

#### **4.3.1 The Overall Reliability**

The result shows that the majority of the respondents revealed that about 0.859 of the staff education were satisfied with the organization performance. There was 0.736 had a very good responses on Staff attitude toward organization performance, 0.730 had seen that staff job satisfaction is also very important for the organization performance, 0.784 found that the services delivery could be significance important for the organization performance and final 0.833evaluation that basis to the organization performance and the respondent found positive responses (Table 4.2).

**Table 4.2: Overall Reliability Statistics**

Variables	Cronbach's Alpha	N of Items
Staff Education	.859	5
Staff Attitude	.736	4
Staff Job Satisfaction	.730	4
Service Delivery	.784	4
Organization Performance	.833	4

Source: Field Data

#### 4.3.2 Reliability Statistics on Staff Education

The majority of stakeholders agreed that Staff have capacity to fulfill their responsibilities; about 0.819 of organization performance. Staff have enough education based on their responsibility 0.814, Knowledge of staff makes to perform at high level had a 0.895 of organization performance: 0.787 of Flexibility of staff make them be more productive for the work and 0.819 of All staff have experience and education to do any task given and not specializing. Table 4.3 shows the reliability on Item-Total Statistics on Staff Education.

**Table 4.3: Item-Total Statistics on Staff Education**

Category	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Staff have capacity to fulfill their responsibilities	13.18	15.786	.720	.819
Staff have enough education based on their responsibility	13.31	15.901	.744	.814
Knowledge of staff makes to perform at high level	14.42	18.022	.406	.895
Flexibility of staff make them be more productive for the work	13.44	14.116	.828	.787
All staff have experience and education to do any task given and not specializing	13.82	14.922	.717	.819

Source: Field Data

### 4.3.3 Reliability Statistics on Staff Attitude

Staff Attitude represents the size of staff brings seriousness among staff members where the reliability values was 0.668 which is satisfactory for the internal consistence among respondents who assess the staff education factor of organization performance. Department with small size helps staff members to know each other their strength and weaknesses was 0.680 also is satisfactory. The lower the size of the staff the higher the performance has a poor internal consistence of 0.566, which looks like other agree, and other oppose on that factor. There is any relationship with the size of the staff and organization performance; this factor has internal consistence value of 0.779, which is good. That indicate that respondent agree with the size of the staff could have an impact to the organization performance (Table 4.4).

**Table 4.4: Item-Total Statistics Staff Attitude**

Category	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Smile size of staff brings seriousness among staff members	10.62	7.286	.549	.668
Department with small size helps staff members to know each other their strength and weaknesses	10.80	6.891	.522	.680
The lower the size of the staff the higher the performance	10.53	6.391	.723	.566
There is any relationship with the size of the staff and organization performance	10.71	7.346	.365	.779

Source: Field Data

### 4.3.4 Reliability on Staff Job Satisfaction

The variable Staff Job Satisfaction was categorized by everyone in the department satisfied with motivation at an acceptable level that has a very good internal consistence of 0.821while Selection of hard work members and distributing work

among team members helps to reduce social loafing has a poor internal consistence of 0.498 however, it has a positive direction. The Small size of the team helps to reduce social loafing has a good internal responses of 0.753 and final Team members must be accountable individually and jointly for the team's purpose, goals and approach has a satisfactory value of 0.511 (Table 4.5).

**Table 4.5: Item-Total Staff Job Satisfaction**

Category	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Everyone in the department satisfied with motivation at an acceptable	9.53	11.482	.200	.821
Selection of hard work members and distributing work among team members helps to reduce social loafing.	9.09	6.992	.779	.498
Small size of the team helps to reduce social loafing	9.96	9.271	.408	.735
Team members must be accountable individually and jointly for the team's purpose, goals and approach	9.16	7.089	.762	.511

Source: Field Data

#### **4.3.5 Reliability on Service Delivery**

Services Delivery were measured by three categories including if Team leader leads by example and the internal consistence value was 0.701 which is very good that team leader lead by example. The question of Team leader shares responsibilities with team members the result was 0.680, which was good that there was a need of sharing the information. The Collaborative leader is an effective leader has a consistence value of 0.838, which lie on very good criteria, which means that collaborative leader is, need to be effective. I share my ideas/suggestions whether or not my leader agrees with my

input has an internal consistence of responses value of 0.683 which simple indicates that share ideas is important, (Table 4.6).

**Table 4.6: Item-Total Statistics of Service Delivery**

Category	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Team leader leads by example	9.78	8.722	.649	.701
Team leader shares responsibilities with team members	9.78	8.995	.708	.680
Collaborative leader is an effective leader	10.89	10.328	.369	.838
I share my ideas/suggestions whether or not my leader agrees with my input	10.09	7.765	.679	.683

Source: Field Data

#### **4.3.6 Reliability on Organization Performance**

It was found that the Collaboration within department leads to high organization performance has internal consistence of 0.686, which is good, the teamwork activities make high performance compared to individual activity. Teamwork activities make high performance compared to individual activity has a responses of 0.935 which is excellence consistence this implies that respondent strongly agree for the organization performance needs teamwork activities. The Bottom up approach make high organization performance compared to up bottom approach also has internal consistence of 0.733 that lies on very good that means that there was a need also for the ideas comes from ordinary staff to the management. Very good managerial make very high organization performance has internal consistence of 0.702, which also is very good to have a collective managerial decision, (Table 4.7).

**Table 4.7: Item-Total Statistics Organization Performance**

Category	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Collaboration within department leads to high organization performance.	10.47	8.300	.871	.686
Team work activities make high performance compared to individual activity.	10.47	13.891	.220	.935
Bottom up approach make high organization performance compared to up bottom approach.	10.20	8.709	.777	.733
Very good managerial make very high organization performance	10.33	8.000	.833	.702

Source: Field Data

#### **4.4 Correlation Analysis**

##### **4.4.1 Correlation on Human Capital and Organizational Performance**

The information presented in table 4.8 shows the relationship between human capital as independent variables and organizational performance as a dependent variable. The linear coefficient of correlation between staff education and organizational performance was very strong of 0.901 that is significance at 1% level. This means that there is an influence of staff education to the performance. There is also an influence of the staff attitude to the performance since the linear coefficient of correlation between staff attitude and organizational performance was good of 0.901 that is significance at 1% level. The linear coefficient of correlation between staff job satisfaction and organizational performance was very good of 0.731 that is significance at 1% level. The linear coefficient of correlation between Service Delivery and organizational performance was very good of 0.738 that is significance at 1% level, (Table 4.8).

**Table 4.8: Correlation Analysis of the Variables Used**

		Organization Performance	Staff Education	Staff Attitude	Staff Job Satisfaction	Service Delivery
Organization Performance	Pearson Correlation	1	.901**	.575**	.731**	.738**
	Sig.		.000	.000	.000	.000
	N	45	45	45	45	45
Staff Education	Pearson Correlation	.901**	1	.623**	.772**	.929**
	Sig.	.000		.000	.000	.000
	N	45	45	45	45	45
Staff Attitude	Pearson Correlation	.575**	.623**	1	.553**	.617**
	Sig.	.000	.000		.000	.000
	N	45	45	45	45	45
Staff Job Satisfaction	Pearson Correlation	.731**	.772**	.553**	1	.804**
	Sig.	.000	.000	.000		.000
	N	45	45	45	45	45
Service Delivery	Pearson Correlation	.738**	.929**	.617**	.804**	1
	Sig.	.000	.000	.000	.000	
	N	45	45	45	45	45

\*\* Correlation is significant at the 0.01 level

Source: Field Data

## 4.5 Multiple Regression Analysis

### 4.5.1 The contribution of Human Capital on Organizational Performance

The study used multiple linear regressions to estimate the coefficients of the parameters. The goodness of fit measured by R-square that is 0.913 (91%). Respectively the adjusted R-square was 0.904 (90%) which implies that the explanatory variable explained by 90%. This result indicate the strangeness of independents variables to predict the dependent variable was good (Table 4.9).

**Table 4.9: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.955 <sup>a</sup>	.913	.904	.30982034

a. Predictors: (Constant), Service Delivery, Staff Attitude, Staff Job Satisfaction, Staff Education.

Source: Field Data



The information presented in Table 4.10 show that the F-value was 104.597 and significance value of 0.000, which is less than 5%. This result implies that jointly all the independent variable had explained the organizational performance very well. The total sum of the square was 44.00 and regression sum of the square was 40.16 while residual sum of the square was 3.84. This shows that all the points were lie within the predicted fit in other word responses was very close to explain the impact of organizational performance.

**Table 4.10: Analysis of Variance (NOVA<sup>a</sup>)**

	Sum of Squares	df	Mean Square	F	Sig.
Regression	40.16	4	10.04	104.597	.000 <sup>b</sup>
Residual	3.84	40	0.096		
<b>Total</b>	<b>44</b>	<b>44</b>			

a. Dependent Variable: Organization Performance

b. Predictors: (Constant), Service Delivery, Staff Attitude, Staff Job Satisfaction, Staff Education

Source: Field Data

#### **4.5.2 Results of the Estimated Model**

In this study, Staff Education, Staff Attitude, Staff Job Satisfaction and Service Delivery measured the contribution of Human Capital. Table 4.11 shows that Staff Education have the coefficient of 1.510 and significance value is 0.000 which is less than 1%, this variable have impact to the organizational performance. The variables Staff Attitude has the coefficient of 0.047 and p-value of 0.441, which is greater than 5%, the variable has influenced organizational performance but not significance. Staff Job Satisfaction has a coefficient of 0.275 and p-value of 0.001 that is less than 1%,

the variable has relationship to the organizational performance. Finally, Service Delivery have the coefficient of 0.915 and significant level of 0.000 that is less than 1%, this variable has relation with the organizational performance, (Table 4.11).

**Table 4.11: Estimated Coefficients of the Parameters**

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	-1.187E-17	.046		.000	1.000
Staff Education	1.510	.129	1.510	11.697	.000
Staff Attitude	.047	.061	.047	.778	.441
Staff Job Satisfaction	.275	.079	.275	3.456	.001
Service Delivery	.915	.137	.915	6.701	.000

Dependent Variable: Organization Performance.

Source: Field Data

#### **4.6 Discussion of the Findings**

This section presents the discussion of the results that emerged during the study. However it is good to discuss those variables which are insignificant to dependent variables; this study placed a specific focus on the variable to which are significant and represent the impact and contributions to the organizational performance.

The study used multiple linear regressions to estimate the coefficients of the parameters. The goodness of fit measured by R-square that is 0.913 (91%). Respectively the adjusted R-square was 0.904 (90%). This result indicates the strangeness of independents variables to predict the dependent variable. The

interpretation of this finding implies that the Human Capital that were being used in the model influence the organizational performance by 91% left only 9% of the other variables that were not included in the model. This result also observed by the study done by Magoutas et al (2009) who observed that human capita has contribution the organization performance. Adjusted R-Square was used to capture error that were caused by the individual independents variable explained that 90% on the organizational performance.

In this study, Staff Education, Staff Attitude, Staff Job Satisfaction measured the contribution of Human Capital and Service Delivery as well presented in Table 4.11. The finding shown that Staff Education have the coefficient of 1.510 and significance value is 0.000 which is less than 1%, this variable have impact to the organizational performance. The implication of this finding implies that per unit change for the variable staff education which simple means that when the staff increases there education level the organizational performance may increases by 1.510 taken into consideration other variables that were remain in the model remain unchanged.

The variable Staff Job Satisfaction has a coefficient of 0.275 and p-value of 0.001 which is less than 1%, the variable has positive relationship to the organizational performance This result was also observed by the study done by Mlingi et al., (2012) and Mosoma (2014) who observed that Staff Job Satisfaction has contribution the organization performance.. The outcome of this variable implies that per unit change for the staff Job Satisfaction which simple means that when the Satisfaction of the

Staff increases may cause an increases of the organizational performance by 0.275 considered that other variables in the model remain constant.

The variable Service Delivery have the coefficient of 0.915 and significant level of 0.000 that is less than 1%, this variable has positive relation with the organizational performance. The policy implication of this variable is that maximum service delivery produced by the organization maintain the performance of the organization. This finding implies that per unit change for the variable service delivery simple means that when service delivery increases may increases the organizational performance by 0.915 taken into consideration other variable that were being used in the study were remain unchanged.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter includes Summary of the Main Findings, the second part provides the researcher's conclusion about the research findings and the third part provides recommendations for possible course of actions towards on assessing impact of human capital on organization job performance. The purpose of this study was assessing the impact of human capital on the organization performance. The Zanzibar Shipping Corporation selected for the study.

The objective was to determine the relationship between staff education and performance, to examine the relationship between staff attitude and performance, to examine the relationship between staff satisfaction and performance, to examine the relationship between service delivery and performance, to determine the relationship between human capital and performance to the Zanzibar Shipping Corporation.

#### **5.2 Summary of the main Findings**

The study captured 42 percent of the respondent were less than 30 years. The study also had 80percent was female and that was the fact of the working staff. Working experience almost fairly distributed around four to seven and above ten years. The status of the staff on marital status found to be majority were single by 38percent. Staff education level were the mixing from primary, secondary and degree level. The strengthening of the model for the independent variables to explain the dependent variable was good as supported by value of R-Square and out of four independent

variable three had had shown to have an impact to the organization performance which are staff education, job satisfaction and service delivery.

### **5.3 Implication of the Findings**

The finding observed on the contribution of human capital through knowledge and skill implies that human Capital explained there impact to the organizational performance by 91% and therefore, for the government entity it is very important to emphasis on knowledge and skill for the staff so as to ensure the efficiency of the SHIPCO is maintained at high level.

The outcome of the variable job satisfaction implies that per unit change for the staff Job Satisfaction which simple means that when the Satisfaction of the Staff increases may cause an increases of the organizational performance by 0.275 considered that other variables in the model remain constant.

The policy implication of this variable Service Deliveryis that maximum service delivery produced by the organization maintain the performance of the organization. This finding implies that per unit change for the variable service delivery simple means that when service delivery increases may increases the organizational performance by 0.915 taken into consideration other variable that were being used in the study were remain unchanged.

### **5.4 Conclusion**

The study shows that the relationship between dependent variables and independents variables. Some of the variables have strong relationship and some have weak

relationship. The variables that have strong relationship imply that there is a positive impact to the organizational performance, which means if the unit change of one variable may cause the increasing of organizational performance.

The result shows that the majority of the respondents revealed that about 0.859 of the staff education were satisfied with the organization performance while 0.736 had a very good response on Staff attitude toward organization performance. There was 0.730 had seen that staff job satisfaction is also very important for the organization performance, 0.784 found that the services delivery could be significance important for the organization performance and final 0.833 evaluation that basis to the organization performance and the respondent found positive responses.

The goodness of fit measured by R-square that is 91%, respectively the adjusted R-square was 0.904 (90%). This result indicate the strangeness of independents variables to predict the dependent variable. The implication of this finding implies that the Human Capital that were being used in the model explained there impact to the organizational performance by 91% left only 9% of the other variables that were not included in the model. Adjusted R-Square was used to capture error that were caused by the individual independents variable explained that 90% on the organizational performance.

Staff Education have the coefficient of 1.510 and significance value is 0.000 which is less than 1%, this variable have significant impact to the organizational performance. The finding implies that per unit change for the variable staff education which simple means that when the staff increases there education level the organizational

performance may increase by 1.510 taken into consideration other variables that were remain in the model remain unchanged.

Staff Job Satisfaction has a coefficient of 0.275 and p-value of 0.001 that is less than 1%, the variable has positive relationship to the organizational performance. The outcome of this variable implies that per unit change for the staff Job Satisfaction which simple means that when the Satisfaction of the Staff increases may cause an increase of the organizational performance by 0.275 considered that other variables in the model remain constant.

The policy implication of this variable is that maximum service delivery produced by the organization maintains the performance of the organization. This finding implies that per unit change for the variable service delivery simple means that when service delivery increases may increase the organizational performance by 0.915 taken into consideration other variable that were being used in the study were remain unchanged.

## **5.5 Recommendations**

In order to improve the organizational performance, the study came up with the following recommendations;

The SHIPCO should train the Staff so that they can provide the service effectively and may result increase the organizational performance. The SHIPCO should focus on the providing the motivation and incentive for the staff which may cause them to satisfy with their working environment and may cause increase of organizational performance. The SHIPCO should ensure they increase the level of Service Delivered to the clients so to continuously improve the organization performance.



## **5.6 Limitations**

The research used cross section study design to collect data only once on the areas of study. In this stance, the results cannot be generalized in other period. This research discussed assessment of impact of human capital on Zanzibar Shipping Corporation Performance. The coverage of this study is only Unguja that does not represent the whole Zanzibar. The study used performance model with only four independent variable (education, attitude, satisfaction service delivery). In order to overcome the stated limitation the study came with recommendation that should be taken into consideration to be able to provide the areas for further study.

## **5.7 Area for Further Research**

Based on the findings, the researcher proposed a future studies should focus on developing structural and process dimensions that are combination of HRM Performance model and job demands - resource model to analyze the correlation between HRM and performance in public institution. There is also a need to conduct the research that include more variables such as resource management, change behavior and financial performance. Moreover, it is important to note that, during analysis of this study other variable were held constant while variables are subject to change in any way, therefore, further studies are highly recommended to establish the role of human capital investments on sustainable organizational performance at public institution.

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## APPENDICES

### Appendix I: Questionnaires

#### Section A: Demographic Information

No:	Particular	Please put tick in the possess bracket
1	Age	<input type="checkbox"/> 20 - 29 <input type="checkbox"/> 30 - 39 <input type="checkbox"/> 50 and above
2	Gender	<input type="checkbox"/> Male <input type="checkbox"/> Female
3	Experience	.....
4	Marital Status	<input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Divorce
5	Educational Level	<input type="checkbox"/> Certificate/Diploma <input type="checkbox"/> Master/PhD <input type="checkbox"/> Bachelor/Post <input type="checkbox"/> Other
6	Department	

#### Section B: Research Information

Please put tick the box that you think is more appropriate for you based on your perception

1 – Strongly Disagree;

2 – Disagree;

3–Neutral;

4 – Agree;

5 – Strongly Agree;

		1	2	3	4	5
<b>Staff Education</b>						
1	Staff have capacity to fulfill their responsibilities					
2	Staff have enough education based on their responsibility					
3	Knowledge of staff makes to perform at high level					
4	Flexibility of staff make them be more productive for the work					
5	All staff have experience and education to do any task given and not specializing					
<b>Staff Attitude</b>						
1	Smile size of staff brings seriousness among staff members					
2	Department with small size helps staff members to know each other their strength and weaknesses					
3	The lower the size of the staff the higher the performance					
4	There is any relationship with the size of the staffand organization performance					
<b>Staff Job Satisfaction</b>						
1	Everyone in the departmentsatisfied with motivation at an acceptable level					

2	Selection of hard work members and distributing work among team members helps to reduce social loafing.					
3	Small size of the team helps to reduce social loafing					
4	Team members must be accountable individually and jointly for the team's purpose, goals and approach					
<b>Service Delivery</b>						
1	Team leader leads by example					
2	Team leader shares responsibilities with team members					
3	Collaborative leader is an effective leader					
4	I share my ideas/suggestions whether or not my leader agrees with my input					
<b>Organization Performance</b>						
1	Collaboration within department leads to high organization performance.					
2	Teamwork activities make high performance compared to individual activity.					
3	Bottom up approach make high organization performance compared to up bottom approach.					
4	Very good managerial make very high organization performance					

### Frequency Tables

**Q\_2 Age**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than 30 years	19	42.2	42.2	42.2
Between 31 - 40 years	18	40.0	40.0	82.2
M0re than 40 years	8	17.8	17.8	100.0
Total	45	100.0	100.0	

**Q\_3 Gender**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	9	20.0	20.0	20.0
Female	36	80.0	80.0	100.0
Total	45	100.0	100.0	

**Q1 Experience**

	Frequency	Percent	Valid Percent	Cumulative Percent
1 year	10	22.2	22.2	22.2
2 Year	4	8.9	8.9	31.1
3 year	10	22.2	22.2	53.3
4 year	5	11.1	11.1	64.4
Valid 5 year	6	13.3	13.3	77.8
6 year	5	11.1	11.1	88.9
13 year	3	6.7	6.7	95.6
14 year	2	4.4	4.4	100.0
Total	45	100.0	100.0	

**Q\_1 Marital status**

	Frequency	Percent	Valid Percent	Cumulative Percent
Married	21	46.7	46.7	46.7
Valid Single	17	37.8	37.8	84.4
Divorced	7	15.6	15.6	100.0
Total	45	100.0	100.0	

**Q\_4 Education level**

	Frequency	Percent	Valid Percent	Cumulative Percent
Primary School	2	4.4	4.4	4.4
Secondary School	10	22.2	22.2	26.7
Valid Diploma	11	24.4	24.4	51.1
Degree and Above	22	48.9	48.9	100.0
Total	45	100.0	100.0	

**Q2 Department**

	Frequency	Percent	Valid Percent	Cumulative Percent
--	-----------	---------	---------------	--------------------



Valid	Account	34	75.6	75.6	75.6
	Human Resources	10	22.2	22.2	97.8
	Marketing	1	2.2	2.2	100.0
	Total	45	100.0	100.0	

**SE1 Staff have capacity to fulfill their responsibilities**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	3	6.7	6.7
	Disagree	4	8.9	15.6
	Neither agree or disagree	3	6.7	22.2
	Agree	21	46.7	68.9
	Strongly Agree	14	31.1	100.0
	Total	45	100.0	

**SE2 Staff have enough education based on their responsibility**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	3	6.7	6.7
	Disagree	4	8.9	15.6
	Neither agree or disagree	5	11.1	26.7
	Agree	23	51.1	77.8
	Strongly Agree	10	22.2	100.0
	Total	45	100.0	

**SE3 Knowledge of staff makes to perform at high level**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	9	20.0	20.0
	Disagree	14	31.1	51.1
	Neither agree or disagree	11	24.4	75.6
	Agree	7	15.6	91.1
	Strongly Agree	4	8.9	100.0
	Total	45	100.0	

**SE4 Flexibility of staff make them be more productive for the work**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	3	6.7	6.7	6.7
Disagree	9	20.0	20.0	26.7
Neither agree or disagree	4	8.9	8.9	35.6
Agree	16	35.6	35.6	71.1
Strongly Agree	13	28.9	28.9	100.0
Total	45	100.0	100.0	

**SE5 All staff have experience and education to do any task given and not specializing**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	6	13.3	13.3	13.3
Disagree	9	20.0	20.0	33.3
Neither agree or disagree	5	11.1	11.1	44.4
Agree	19	42.2	42.2	86.7
Strongly agree	6	13.3	13.3	100.0
Total	45	100.0	100.0	

**SA1 Smile size of staff brings seriousness among staff members**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	8	17.8	17.8	17.8
Neither agree or disagree	12	26.7	26.7	44.4
Agree	15	33.3	33.3	77.8
Strongly Agree	10	22.2	22.2	100.0
Total	45	100.0	100.0	

**SA2 Department with small size helps staff members to know each other their strength and weaknesses**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strong disagree	3	6.7	6.7	6.7
Disagree	7	15.6	15.6	22.2
Neither agree or disagree	11	24.4	24.4	46.7
Agree	16	35.6	35.6	82.2
Strongly agree	8	17.8	17.8	100.0
Total	45	100.0	100.0	

**SA3 The lower the size of the staff the higher the performance**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strong disagree	1	2.2	2.2	2.2
Disagree	7	15.6	15.6	17.8
Neither agree or disagree	7	15.6	15.6	33.3
Agree	20	44.4	44.4	77.8
Strongly Agree	10	22.2	22.2	100.0
Total	45	100.0	100.0	

**SA4 There is any relationship with the size of the staff and organization performance**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	4	8.9	8.9	8.9
Disagree	7	15.6	15.6	24.4
Neither agree or Disagree	6	13.3	13.3	37.8
Agree	18	40.0	40.0	77.8
Strongly Agree	10	22.2	22.2	100.0
Total	45	100.0	100.0	

**SJ1 Everyone in the department satisfied with motivation at an acceptable level**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	4	8.9	8.9	8.9
Disagree	10	22.2	22.2	31.1
Neither agree or disagree	15	33.3	33.3	64.4
Agree	12	26.7	26.7	91.1
Strongly Agree	4	8.9	8.9	100.0
Total	45	100.0	100.0	

**SJ2 Selection of hard work members and distributing work among team members helps to reduce social loafing.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	4	8.9	8.9	8.9
Disagree	9	20.0	20.0	28.9
Neither agree or disagree	5	11.1	11.1	40.0
Agree	15	33.3	33.3	73.3
Strongly Agree	12	26.7	26.7	100.0
Total	45	100.0	100.0	

**SJ3 Small size of the team helps to reduce social loafing**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	10	22.2	22.2	22.2
Disagree	14	31.1	31.1	53.3
Neither agree or disagree	9	20.0	20.0	73.3
Agree	7	15.6	15.6	88.9
Strongly Agree	5	11.1	11.1	100.0
Total	45	100.0	100.0	

**SJ4 Team members must be accountable individually and jointly for the team's purpose, goals and approach**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	4	8.9	8.9	8.9
Disagree	10	22.2	22.2	31.1
Neither agree or disagree	5	11.1	11.1	42.2
Agree	15	33.3	33.3	75.6
Strongly agree	11	24.4	24.4	100.0
Total	45	100.0	100.0	

**SD1 Team leader leads by example**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	3	6.7	6.7	6.7
Disagree	5	11.1	11.1	17.8
Neither agree or disagree	7	15.6	15.6	33.3
Agree	16	35.6	35.6	68.9
Strongly agree	14	31.1	31.1	100.0
Total	45	100.0	100.0	

**SD2 Team leader shares responsibilities with team members**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	3	6.7	6.7	6.7
Disagree	4	8.9	8.9	15.6
Neither agree or disagree	4	8.9	8.9	24.4
Agree	25	55.6	55.6	80.0
Strongly agree	9	20.0	20.0	100.0
Total	45	100.0	100.0	

**SD3 Collaborative leader is an effective leader**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	9	20.0	20.0	20.0
Disagree	15	33.3	33.3	53.3
Neither agree or disagree	9	20.0	20.0	73.3
Agree	8	17.8	17.8	91.1
Strongly agree	4	8.9	8.9	100.0
Total	45	100.0	100.0	

**SD4 I share my ideas/suggestions whether or not my leader agrees with my input**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	5	11.1	11.1	11.1
Disagree	9	20.0	20.0	31.1
Neither agree or disagree	5	11.1	11.1	42.2
Agree	14	31.1	31.1	73.3
Strongly agree	12	26.7	26.7	100.0
Total	45	100.0	100.0	

**OP1 Collaboration within department leads to high organization performance.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	5	11.1	11.1	11.1
Disagree	8	17.8	17.8	28.9
Neither agree or disagree	6	13.3	13.3	42.2
Agree	18	40.0	40.0	82.2
Strongly agree	8	17.8	17.8	100.0
Total	45	100.0	100.0	

**OP2 Team work activities make high performance compared to individual activity.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
strongly disagree	1	2.2	2.2	2.2
Disagree	7	15.6	15.6	17.8
Neither agree or disagree	17	37.8	37.8	55.6
Agree	15	33.3	33.3	88.9
Strongly agree	5	11.1	11.1	100.0
Total	45	100.0	100.0	

**OP3 Bottom up approach make high organization performance compared to up bottom approach.**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
Strongly disagree	3	6.7	6.7	6.7
Disagree	9	20.0	20.0	26.7
Neither agree aor disagree	4	8.9	8.9	35.6
Agree	15	33.3	33.3	68.9
Strongly agree	14	31.1	31.1	100.0
Total	45	100.0	100.0	

**OP4 Very good managerial make very high organization performance**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
Strongly disagree	5	11.1	11.1	11.1
Disagree	9	20.0	20.0	31.1
Neither agree or disagree	2	4.4	4.4	35.6
Agree	17	37.8	37.8	73.3
Strongly agree	12	26.7	26.7	100.0
Total	45	100.0	100.0	